

REMARKS

This amendment is presented in response to the office action mailed March 25, 2005 to place the application in condition for favorable reconsideration and allowance. Favorable reconsideration and allowance of all claims in the application are requested.

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The amendments to claims 9, 17 were not made for any reason related to patentability. Rather, these changes were implemented to implement various stylistic changes. In particular, recognizing that the application contains three counterpart claim sets (1-8, 9-16, and 17-24) these changes were made to remove inconsistencies between base claims for uniformity of prosecution.

35 USC 101 REJECTIONS: CLAIMS 1-24

Claims 1-24 were rejected under 35 USC 101 as being directed to non-statutory subject matter. Applicants traverse the section 101 rejection in its entirety.

The office action's reliance on *In re Toma*¹ was ill considered. The Examiner cited *Toma* noting that an invention must be in the "technological arts" to qualify as patentable subject matter under 35 USC 101, and in this vein, further noting that the Court had developed a "technological arts" analysis. [Office Action: page 3] The office action misapplies the law. First of all, the "technological arts" issue was dicta in the case, as the Court refused to acknowledge that such issue was before the Court. The language which the examiner in *Toma* had quoted against the applicant was written in answer to "mental steps" rejections and was not intended to create a generalized definition of statutory subject matter. The Court noted that the *Toma* examiner had taken language from the cited cases and attempted to apply that language in a different

1 197 USPQ 852 (CCPA 1978).

context.² The *Toma* Court further opined that the "language which the examiner has quoted was not... intended to create a generalized definition of statutory subject matter. Moreover, it was not intended to form a basis for a new §101 rejection as the examiner apparently suggests."³

Accordingly, the instant claims are patentable under 35 USC 101 despite the office action's improper "technological arts" analysis based upon *Toma*. Furthermore, in the present application, any guidance from the opinion of *In re Bowman*⁴ is also of little value. First of all, *Bowman* is an unpublished decision of the Board of Patent Appeals & Interferences, and therefore does not constitute binding precedent. Second, the *Bowman* case is sharply distinguished on its facts from the present claims. In *Bowman*, the Board found "absolutely no indication on this record that the invention is connected to a computer in any manner."⁵ This contrasts sharply with the present claims, as explained below.

Claims 1-8 are directed at a "computer-implemented method." The office action stated that, when a computer program is executed by a computer, the claimed subject matter produces a useful, concrete, and tangible result. [Office Action: page 5] To wit, claims 1-8 are directed at a "computer-implemented method" and therefore constitute patentable subject matter under 35 USC 101.

Claim 9-16 are directed at a "computer." No one can reasonably dispute that dispute that computers constitute statutory subject matter. Furthermore, if a machine is programmed in a certain new and unobvious way, it is physically different from the machine without that program; its memory elements are differently arranged. The fact that these physical changes are invisible to the eye should not tempt us to conclude that the machine has not been changed. If a new machine has not been invented, certainly a "new and useful improvement" of the unprogrammed machine has been, and Congress has said in 35 U.S.C. 101 that such improvements are statutory subject matter for a patent.⁶

2 *Toma*, at 857.

3 *Id.*

4 61 USPQ2d 1669 (Bd. Pat. App. & Int. 2001)

5 *Bowman*, at 1671.

6 *In re Bernhart and Fetter*, 163 USPQ 611, 616 (CCPA 1969).

Claim 17-24 are directed at a computer program product, which also constitutes patentable subject matter under 35 USC 101, according to well established precedent.⁷

Accordingly, all claims are patentable under section 101.

35 USC 112 REJECTIONS: CLAIMS 3-16

These claims were rejected under 35 USC 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter that Applicant regards as the invention. The claims (as amended) are sufficient under section 112.

35 USC 102 REJECTIONS: CLAIMS 1-24

These claims were rejected under 35 USC 102(e) as being unpatentable over U.S. Publ. No. 2001/0018672 to Petters et al. ("Petters"). Applicant traverses this rejection because the applied art does not teach the features of the claims, as required. Taking claim 1 as an example, Petters fails to teach the following combination:

"A computer-implemented method for determining a price of goods made by a manufacturer in response to at least one electronic order from a buyer for the goods, comprising the acts of:
receiving the order;
determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place; and
displaying a price of the goods to the buyer based at least partially on the determining act."

The examiner bears the burden of establishing a *prima facie* case of anticipation.⁸ The prior art reference must disclose each element of the claimed invention, as correctly interpreted, and as arranged in the claim.⁹ A claim is

⁷ In Re Beauregard, 35 USPQ2d 1383 (Fed. Cir. 1995).

⁸ In re King, 801 F.2d 1324, 1327, 231 USPQ 136, 138-139 (Fed. Cir. 1986).

⁹ Lindermann Maschinentabrik GmbH v. American Holst & Derrick Co., 730 F.2d 1452, 221 USPQ 481, 485 (Fed. Cir. 1984).

anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference. The identical invention must be shown in as complete detail as is contained in the claim.¹⁰

Right away, it is apparent that Petters does not even show a method for determining a price of goods made by a manufacturer "in response to at least one electronic order from a buyer..." With Petters, a qualified buyer accesses web pages of a custom showroom with listings of goods for sale. [Petters: para. 0044] The listing of goods includes price. [Petters: para. 0045, 0068 & Tables] The seller fixes a price and the "scrubbing agent" marks-up the price for posting on the web site. [Petters: para. 0103] Hence, Petters fails to show a "method for determining a price of goods made by a manufacturer in response to at least one electronic order from a buyer..." because Petters' price is pre-set.

Considering claim 1 in greater detail, Petters further lacks an operation of "determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place." The office action proposes that this feature is found in Petters' paragraphs 0100 and 0101. A more careful review of cited reading, however, fails to reveal the claimed feature. Para. 0100 merely indicates that the scrubbing agent purchases title from the seller. [Petters: para. 0100] Para. 0101 mentions that the scrubbing agent transfers the seller's warranties on the goods to the buyer, and also warrants title to the buyer. [Petters: para. 0101] Therefore, since Petters only describes one mode of title transfer (i.e., transfer from seller to scrubbing agent to buyer), Petters clearly has no need to determine how title passes. Furthermore, Petters does not mention a title passage directly from the manufacturer to the buyer, nor does Petters anticipate sales by a "manufacturer." Accordingly, Petters lacks an operation of "determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place."

10 MPEP 2131.

Lacking the claimed "determining..." act, Petters necessarily omits the operation of "displaying a price of the goods to the buyer based at least partially on the determining act." Furthermore, in further contrast to the claimed feature, Petters displays a pre-set price established by the seller (incorporating the scrubbing agent's markup) or the seller's counter offer responsive to a buyer's offer rather than a price "based at least partially on" the act of "determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place."

Accordingly, for the reasons shown above, claim 1 is patentably distinguished from Petters. For similar reasons, independent claims 9 and 17 are also patentably distinguished from Petters. And, even without considering any individual merits of dependent claims 2-8, 10-16, and 18-24, these claims are distinguished because they depend from independent claims 1, 9, or 17, which are distinguished as discussed above.¹¹

Nonetheless, some examples are given to show features of these dependent claims that even further distinguish over the applied art. As one example, the applied art fails to teach "a first pricing regime is implemented when it is determined that title to the goods passes directly from the manufacturer to the buyer," as required by claim 2. As discussed above, Petters does not contemplate title passing directly from the manufacturer to the buyer since (1) title passes through a scrubbing agent, and (2) Petters does not mention any "manufacturer." Claims 10 and 18 are patentably distinguished from Petters for similar reasons.

In the case of claim 3, Petters does not show "when it is determined that title passes through an intermediate e-market place, the method further includes determining whether to implement the first pricing regime or a second pricing regime." First of all, Petters does not show first and second pricing regimes as claimed. Secondly, Petters does not teach "when it is determined that title

¹¹ Cf. If an independent claim is nonobvious under 35 USC 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988). MPEP 2143.03.

passes through an intermediate..." because the scrubbing agent always purchases title from the seller, so there is no need to determine the means of title passage. [Petters: para. 0100] Hence, since Petters only describes one mode of title transfer (i.e., transfer from seller to scrubbing agent to buyer), Petters clearly does not perform any actions "when it is determined that title passes through an intermediate e-market place..." as required by claim 3. Claims 11 and 19 are patentably distinguished from Petters for similar reasons.

In the case of claim 5, Petters does not teach "a discount is determined based on at least one of: volume of a current order, volume of annual orders, and projected volume of orders." Nor does Petters teach features of claim 6 including "a discount is determined based on at least one of: an advance scheduling of the order, an industry segment of the buyer, a credit rating of the buyer, and a stocking/handling charge." In contrast to these, Petters is said to use a fixed discount of 1%, which is available if the buyer pays cash. [Petters: para. 0105] Claims 13, 14, 21, 22 are patentably distinguished from Petters for similar reasons.

As to claim 7, Petters fails to show that "the price is customized based on at least one of: geographic region, customer information, product line information, manufacturer information." As mentioned above, Petters simply uses a flat discount of 1%, available if the buyer pays cash. Petters fails to show discounting price based on factors such as geographic region, customer information, product line information, and manufacturer information. For these reasons, claim 7 is a *fortiori* patentable over Petters. Claims 15 and 23 are patentably distinguished from Petters for similar reasons.

NEW CLAIM 25

New claim 25 has been added to the application. Claim 25 enjoys widespread support from the original specification, for example, pages 1, 4, 5, 8 and FIG. 3. Claim 25 is patentably distinguished over Petters for similar reasons as expressed above.

CONCLUSION

In view of the foregoing, all pending claims in the application are patentable over the applied art. Favorable reconsideration and allowance of the application are hereby requested.

If any fees are required by this submission, an appropriate fee submittal sheet is enclosed herewith. If fees are required yet this sheet is inadvertently missing, or the fees are incorrect in amount, please charge the charge the required fees (or credit any overpayment) to Deposit Account No. 07-1445.

Respectfully Submitted,

Date: 5/18/05

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